AMAX

March 6, 1981

W.F. Schoeberlein, Esq.
Sherman and Howard
2900 First of Denver Plaza
633 Seventeenth Street
Denver, Colorado 80202

Dear Bill:

Enclosed for your review and comments, if any, are revised pages 3, 5, 22, 24, 25, 32, 36 and 37 to the Climax Non-Contributory Retirement Income Plan between Climax Molybdenum Company and the Oil, Chemical and Atomic Workers - a first draft of which was sent to you with my letter of December 3.

The revisions are made pursuant to a request received in the Employee Benefits Department on February 4, 1981 that we alter the language to provide for the incorporation of a Plan change which would reduce the Plan Total and Permanent Disability Retirement Benefits by any benefits received under the Extended Non-Total Disability Benefit portion of the Climax Group Insurance Program. You will recall that this was suggested in the event of an employee receiving benefits under the extended Non-Total Disability Benefits Program for a disability which is subsequently determined to have been a total and permanent one.

As part of this change, we have clarified the definitions in the Plan concerning the references to the Weekly Sickness and Accident Insurance portion of

the Group Insurance Program and the use of the term Total and Permanent Disability. To clarify the Plan additionally we have used a new title for the pre-retirement spouse's benefit and changed the effective date of the pre-retirement spouse's benefit to January 1, 1980 as requested.

One copy of the revised pages has been underlined to indicate the changes. They should be inserted in the previous draft and submitted to the union for ratification. When this latest draft is accepted and signed, we will proceed with the preparation of the explanatory booklets, examples or other explanatory material illustrating the new Plan.

In discussing these changes with the Union the question will come up as to what you do in the situation where an employee has received Non-Total Disability Benefits which are subsequently called Total Disability Benefits and who is not eligible for a disability pension against which to offset the payments. In this case you will either have to attempt to recover the Non-Total Benefits or write them off. Since the circumstance we are dealing with is very unlikely to occur, I don't think this is much of a risk.

Sincerely,

David Neill

DN:meb
Enclosures